

SCHOOL MANAGEMENT AGREEMENT

This School Management Agreement (“*Agreement*”) is made by and between the Governing Authority (the “*Governing Authority*” or the “*Board*”) of Northeast Ohio College Preparatory School, an Ohio public benefit corporation (the “*School*”) and Accel Schools Cleveland FB LLC, a Delaware limited liability company (“*Manager*”), and is effective as of the date of the last signature of this Agreement (the “*Effective Date*”).

BACKGROUND

WHEREAS, the Board desires to retain the Manager as the exclusive management organization of the School. The School is established as an Ohio community school pursuant to Chapter 3314 of the Ohio Revised Code (“*ORC*”).

WHEREAS, the Board and the Manager (each, a “*Party*” and collectively referred to as the “*Parties*”) wish to enter into an agreement that will allow the Parties to create an enduring educational alliance by promoting educational excellence and innovation based on the Manager’s school design and comprehensive educational program, as well as the Manager’s management principles.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is mutually agreed upon and acknowledged, the Parties agree as follows:

ARTICLE I APPOINTMENT AND TERM

1.1 Appointment. Subject to the terms and conditions set forth herein, the Parties agree that the Manager shall serve as the sole and exclusive operator of the School, as that term is defined ORC § 3314.014

1.2 Term. The initial term of this Agreement shall commence as of the Effective Date and shall end at 11:59 p.m. (EST) on June 30, 2027 (the “*Initial Term*”) unless otherwise terminated as provided herein. This Agreement shall automatically renew for successive five-year periods (each a “*Renewal Term*”) unless either the Manager or the Governing Authority provides written notice of non-renewal to the other Party at least ninety (90) days prior to the expiration of the Initial Term or any subsequent Renewal Term. The terms and conditions of this Agreement shall apply to any Renewal Term. The Initial Term and all Renewal Terms, if any, are collectively referred to herein as the “*Term*.”

1.3 Designation as Agent. The Board hereby designates the Manager, its employees, agents, contractors and representatives to serve as agents of the School for purposes of compliance with 20 U.S.C. § 1232g (the Family Educational Rights and Privacy Act (“*FERPA*”) and ORC § 3319.321.

**ARTICLE II
MANAGER DUTIES AND RESPONSIBILITIES**

2.1 Services to be Provided to the School and the Board. The Manager shall provide the School and the Board with the following services; provided, that the School shall be solely responsible for all costs associated with the provision of all such services in addition to the management fee set forth in Section 4.4 of this Agreement.

- (a) Talent Acquisition – The Manager shall be responsible for identifying, recruiting, and interviewing individuals suitable for employment with the School and for hiring all staff and personnel necessary for the proper operation and administration of the School.
- (b) Human Resources Administration - The Manager shall be responsible for conducting background checks on newly hired School employees, processing and maintaining all personnel records for School employees, and implementing and enforcing workplace rules, policies and procedures (including disciplinary and termination procedures).
- (c) Facility Acquisition and Management - The Manager shall assist the Board in identifying facilities that are suitable for lease by the School. Additionally, the Manager shall be responsible for ensuring that the School facility is cleaned and in good working order.
- (d) Financial Management - The Manager shall retain a Fiscal Officer on behalf of the Governing Authority and the School as required under ORC § 3314.011. The Fiscal Officer shall be responsible for overseeing all aspects of the financial operation of the School (including budgeting, internal controls, fiscal policies, and audits) and shall be subject to approval by the Governing Authority.
- (e) Payroll and Benefits - The Manager shall be responsible for the administration of payroll and benefits for all School employees, including remittances of all necessary withholdings and required filings.
- (f) Grants Management - The Manager shall be responsible for managing all grants and other State and Federal Awards that the School may receive, including ensuring that all monies received under these programs are expended for their intended purpose and that all required reporting requirements under such programs are met.
- (g) Executive Leadership - The Manager shall provide the School with executive level guidance and leadership consistent with the terms of this Agreement, the School’s contract (the “*Sponsor Contract*”) with its sponsor (the “*Sponsor*”), and applicable state and federal rules and regulations.
- (h) Curriculum, Instructional Design, and Educational Philosophy - The Manager shall be solely responsible for implementing an educational program at the School consistent with the terms of this Agreement and the Manager’s

educational goals and philosophy (referred to as the “*Educational Model*” and attached hereto as Exhibit A and made a part hereof).

- (i) Marketing and Community Outreach - The Manager shall provide the School with appropriate marketing and community outreach support, including joint enrollment and recruitment activities as set forth in Section 2.6 of this Agreement.
- (j) Food Service Management - The Manager shall be responsible for all aspects of food service management, including ordering meals, distribution of meals, accounting of meals served for purposes of filing reimbursement claims, administering the completion of free/reduced lunch income forms, and following all applicable state and federal rules and regulations that apply to food service management. The Manager shall be in attendance and act on behalf of the Board and the School at all state level reviews or audits relating to food service management.
- (k) State Data Reporting - The Manager shall be responsible for the administration of all student data, including, but not limited to, input of student data into state systems such as SOES, EMIS, EMAD, FLPLUS. The Manager shall be in attendance and act on behalf of the Board and the School at all State level reviews or audits relating to State mandated reporting of student data.
- (l) Professional Development for all Staff - The Manager shall be solely responsible for ensuring that all School staff members receive the appropriate and required amount of professional development training necessary to enhance employee knowledge, experience, and HQT status for all teaching personnel.
- (m) Centralized Purchasing - The Manager shall have the overall responsibility for the purchasing of all goods and services necessary for the orderly operation of the School. The Manager may utilize the business managers employed by the School to assist in this process. The Manager shall have the overall responsibility and authority to negotiate the terms of the purchase, license or lease of all furniture, computers, software, equipment and all other personal property necessary for the operation of the School, and to consummate the purchase, license or lease of the equipment and personal property. The Manager shall be responsible from the time of the purchase, license or lease and at all times thereafter, for the management and maintenance of the equipment in proper working order.
- (n) Board Governance Services - The Manager shall assist the Governing Authority in preparation for upcoming Board meetings, including preparation and publication of public notice, securing a meeting location, sending out an agenda and materials in advance of the meeting, and in any other fashion agreed upon by the Parties. At no time shall such assistance be used as a means to usurp the authority of the Governing Authority. The Manager shall assist the Governing Authority by performing other consulting and liaison services with governmental and quasi-governmental offices and agencies as are necessary in the day-to-day operations or as required by this Agreement.

- (o) Transportation Management - The Manager shall be responsible for providing and contracting for transportation options for students attending the School.
- (p) Building Level Leadership Training and Supervision - The Manager, in accordance with its Educational Model (attached hereto as Exhibit A), will institute a rigorous training and supervision program for building level leaders.
- (q) Fundraising - The Manager shall recommend, apply for, and assist the Governing Authority in all fundraising efforts mutually agreed upon by the Parties.
- (r) Technology Administration - The Manager shall be responsible for securing and implementing the necessary technology for the smooth and orderly operation of the School and for ensuring that such technology remains in continuous working condition barring conditions beyond the Manager's control. The Manager shall also assist in the application for and administration of federal e-Rate funds to offset the costs of necessary technology investments.

2.2 Operating Authority.

2.2.1 The Manager shall have exclusive authority as to the administration, operation and performance of the School to the extent allowed under ORC Chapter 3314, including but not limited to, all fiscal, budgeting, accounting, procurement, and employment matters. The Manager shall be accountable only to the Governing Authority as to the administration, operation and performance of the School.

2.2.2 It is expressly understood and agreed that under no circumstances shall the Manager be required to: (i) expend its time and/or resources seeking additional funding for the School beyond those duties addressed in Section 2.1 of this Agreement; (ii) expend its own funds and/or resources to fulfill its duties and obligations under this Agreement; or (iii) pay or guarantee any debt or obligation of the School including, but not limited to, debts or obligations incurred by the School prior to the Effective Date of this Agreement.

2.2.3 The Manager agrees to operate the School in such a manner that implements the educational goals and programs of the Manager, as well as those that may be established under the Sponsor Contract (collectively referred to as the "*Educational Model*") and more fully described in Exhibit A); *provided, however*, the Manager shall not be required to take any action or engage in any conduct or refuse to take any action or engage in any conduct that the Manager determines would be in material violation of any applicable federal, state or local laws, ordinances or regulations or that would violate the human or civil rights of any student, parent, guardian, the Manager's employees, agents or contractors. Such action or inaction by the Manager pursuant to this Section 2.2.3 shall not constitute a breach of this Agreement. If the Manager determines that it is necessary to modify the Educational Model, it shall present its recommendations to the Governing Authority in writing and the Governing Authority shall give prompt and good faith consideration to the Manager's requested changes.

2.2.4 Specifically, the Manager shall have the authority to:

- (a) Establish and promulgate rules and regulations with respect to the conduct and discipline of students, teachers, administrators and parents, and such other matters

as the Manager deems necessary, prudent or appropriate with respect to the orderly administration of the School. The rules and regulations promulgated by the Manager relating to student discipline shall require student due process hearings in conformity with the requirements of federal and Ohio laws.

- (b) Operate the School based upon the school year and school day approved annually by the Governing Authority *provided, however*, that the Manager may make the following changes without approval from the Governing Authority: (1) changes to the school year and/or school day in order to respond to or accommodate emergencies and/or contingency days; and (2) changes involving fewer than five (5) consecutive school days.
- (c) Design and implement pupil performance evaluations and assessment strategies that permit evaluation of the educational progress of each of the School's students. The Governing Authority and the Manager will cooperate in good faith to identify measures of, and goals for, the School's students and the School's performance, including but not limited to parent satisfaction.
- (d) Provide special education students attending the School with such services as the Manager determines are necessary and proper under applicable federal, state and local laws, ordinances, and regulations.
- (e) Oversee the selection and acquisition of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs approved by the Governing Authority.
- (f) Subject to Article VI herein, hire such teachers, non-teaching administrative and support staff and other personnel as the Manager, in its sole judgment, determines are necessary and/or appropriate for the operation of the School.
- (g) Identify a suitable facility (the "**School Facility**" or the "**Facility**") and arrange for a lease to be entered into by the Governing Authority for the operation of the School and its support functions, and ensure that such Facility is equipped with technology suitable, in the Manager's sole judgment, to service the Educational Model.
- (h) During the Term of this Agreement and for a period of five (5) years thereafter (unless a longer period is required by applicable Federal or Ohio law), maintain such financial, operations, personnel, student performance and discipline records respecting the operation of the School and the Facility (collectively referred to as the "**School Records**"). The Manager shall make all School Records available for inspection by the Governing Authority, upon request, during regular business hours at the Manager's principal office or such other location as may be required by Ohio law. The Parties agree that all School Records are and shall remain the exclusive property of the School. All School Records that are subject to production under ORC §149.43 (the "**Ohio Public Records Act**") shall be made available to the public upon submission of an appropriate request under the Ohio Public Records Act. Upon termination of this Agreement and the transfer of student records to the Governing Authority pursuant to Article VIII of this

Agreement, the Manager shall have no further responsibilities for the maintenance of such student records.

- (i) Make such reports and presentations respecting the operation, administration and/or performance of the School (i) as may required from time to time by the Ohio Department of Education (“**DOE**”) or applicable Ohio law, and (ii) at least quarterly to the Governing Authority or as requested by the Governing Authority during any period that the School fails to materially meet the goals of the Educational Model, taken as a whole.

2.2.5 The Board shall establish various committees (*e.g.*, academic, finance, governance, etc.) to facilitate communication between the Manager and the Governing Authority of which the Manager’s representatives may be members. Such committees are for informational purposes only and shall not have authority to prescribe, challenge, limit or otherwise interfere with the Manager’s authority to administer the School.

2.3 Manager Purchases with School Funds. All books, supplies, equipment and other materials (i) owned by the School prior to the Effective Date or (ii) purchased by the Manager with School revenues as defined in Section 4.1 below for use in the operation or administration of the School shall remain the sole and exclusive property of the School. All books, supplies, equipment and other materials purchased by the Manager with the Manager’s funds, including funds from the Management Fee set forth in Section 4.4 of this Agreement, shall remain the sole and exclusive property of the Manager. If the Manager sells any of the aforesaid items or otherwise converts same to cash, the proceeds of such sale, net of expenses, shall remain the sole and exclusive property of the School. The Manager shall, to the extent it deems advantageous to the School or required by federal, state or local laws, use competitive bidding in the purchase of books, supplies, equipment and other materials paid for with School funds.

2.4 Subcontracts. The Manager reserves the right to subcontract any and all aspects of the services it agrees to provide to the School, including, but not limited to, services related to student transportation, food service, special education, and employee payroll and benefits. Notwithstanding anything herein to the contrary, the Manager shall not subcontract substantially all of its duties or responsibilities under this Agreement.

2.5 Place of Performance. The Manager reserves the right to perform its obligations under this Agreement at any location it deems appropriate (unless otherwise prohibited by applicable state and/or federal laws), except pupil instruction shall be provided at the School Facility.

2.6 Student Recruitment. At all times, the Manager and the School shall be jointly responsible for all student recruitment efforts and for recruiting students in a manner that is compliant with the ORC and other applicable laws. Notwithstanding anything herein to the contrary, the Manager agrees to implement an organized student recruitment effort that will be designed to maximize student enrollment at the School.

**ARTICLE III
BOARD AND SCHOOL DUTIES AND RESPONSIBILITIES**

3.1 Good Faith Obligation. At all times, the Board and the School shall exercise in good faith their respective rights, duties and obligations under this Agreement, as well as the authority granted to them under Ohio law respecting the School and the Manager as operator of the School.

3.2 Dependency on Availability of Funds. At all times hereunder, the Board shall be responsible for securing adequate funding for the proper administration of the School and ensuring that the Manager has access to such funds as provided for in the “*Budget*,” which is defined herein below. The Board acknowledges that the Manager’s operation of the School is dependent upon the availability to the Manager of adequate funding, and failure to provide the Manager with adequate funding as set forth in the Budget shall relieve the Manager of its obligations under this Agreement.

3.3 Furnishing Information. The Board shall furnish the Manager with all information, documents, forms and reports required by the Manager for proper administration of the School and/or the Facility, or as may be required in preparation for any legal or administrative proceeding relating to the School and/or the Facility, or as may be required to comply with the Ohio Public Records Act, requests made by the DOE, or any other applicable federal, state or local laws.

**ARTICLE IV
FISCAL MATTERS**

4.1 Revenues. For purposes of this Agreement, the term “*Revenues*” shall mean all funds, of any kind and from any source, received by the Governing Authority or the Manager on behalf of the School, including but not limited to:

- (a) Funding for public school students enrolled in the School;
- (b) Funding provided by federal or state governments that is directly allocable to special education students enrolled in the School;
- (c) Funding provided by federal and state governments that is directly allocable to gifted and talented students enrolled in the School;
- (d) “At-Risk” or “Poverty-Based” funding provided by federal and state governments that is directly allocable to at-risk or disadvantaged students enrolled in the School;
- (e) Funding provided by federal and state governments to the School that is directly allocable to students enrolled in the School with limited English proficiency;
- (f) Federal and state grant sources, including title funding (e.g., Title I) that is directly allocable to the School;
- (g) All other grants, fundraisers and donations received in support of the School, such as proceeds from fundraisers conducted by independent parent organizations

at the School, except donations given for a specific purpose or School program;
and

- (h) Fees charged to students for extra services provided by the School, to the extent permitted by law.

All Revenues described above in Sections 4.1 (a), (b), (c), and (d) shall be collectively referred to as “*Full-Time Equivalency Money*” or “*FTE Money*.”

4.2 Revenues Managed by the Manager. All Revenues are and shall remain the sole and exclusive property of the School, except as otherwise provided for herein. The Board agrees that the Manager shall be the exclusive custodian of the Revenues during the Term, which such Revenues shall be administered by or under the auspices of the Fiscal Officer. The Revenues shall be kept in one or more accounts opened in the name of the School and maintained at financial institutions selected by the Manager with the consent of the Board, which such consent shall not be unreasonably withheld.

4.3 Budget Process.

4.3.1 Revenues and expenditures shall be based on an academic year that commences on July 1st of each year and ends on June 30th of the following year (an “*Academic Year*”). The Manager shall provide the Board with annual operating and capital budgets for each Academic Year (collectively referred to as the “*Budget*”), the first draft of which shall be submitted to the Board no later than April 15th preceding that Academic Year.

4.3.2 Each Budget shall contain such detail as reasonably requested by the Board and shall include all projected expenses and costs reasonably associated with operating the School including, but not limited to, the projected cost of all payroll and benefits to be paid for services and education programs, rental, maintenance and other costs and expenses to be incurred by the School under lease, capital expenditures, supplies and furnishings necessary to operate the School, all taxes of any kind that are assessed or imposed, insurance premiums, audits, legal and other professional fees, utilities and other costs and expenses required or advisable to operate the School.

4.3.3 The Board shall review the Budget and either approve or reject it no later than June 1st preceding that Academic Year. If the Board takes no action by June 1st, then the Budget shall be deemed to be approved as submitted. If the Board timely rejects the Budget, then the Manager and the Board shall work together to create a mutually agreeable Budget prior to June 15th. If the Budget has not been approved by the Board by June 15th, the Manager shall have the option of proceeding with the start of that Academic Year (in which case the Budget from the immediately preceding Academic Year shall be deemed to be the Budget until a new Budget is approved by the Board) or terminating this Agreement pursuant to Section 8.1(a) below.

4.3.4 The Budget may be amended from time to time by mutual agreement of the Manager and the Governing Authority.

4.3.5 The Manager may make expenditures of Revenues on behalf of the School as provided in the Budget without further consultation with the Governing Authority *provided, however*, that the total expenditures as originally budgeted and approved by the Governing Authority do not change. All proposed or anticipated expenditures of Revenues not otherwise provided for in the original Budget must be approved by the Governing Authority through a Budget amendment. At no time during a given fiscal year shall the Manager make expenditures of Revenues on behalf of the School that cause the Governing Authority to exceed its anticipated revenues for the same fiscal year unless previously agreed to by the Parties and reflected in an approved Budget.

4.4 Management Fee. In consideration for the services provided by the Manager hereunder, and more specifically as enumerated in Section 2.1, the Board agrees to pay the Manager a fee for each Academic Year in an amount equal to Eighteen Percent (18%) of the total Revenues received by the School (hereinafter referred to as the “*Management Fee*”). For purposes of calculating the Management Fee, Revenues shall be defined as stated in Section 4.1 above. Within five (5) business days of the receipt of a state settlement payment, the School shall remit to the Manager 18% of all Revenues received by the School since the remittance of the previous month’s Management Fee. On at least a quarterly basis, a reconciliation of the Management Fee will be prepared by the Fiscal Officer between the Management Fee earned and Management Fees paid. Any amounts determined to be due to or due from the Manager as a result of this reconciliation will be reflected in the subsequent Management Fee to be paid to the Manager. Any amounts outstanding at the end of the Fiscal Year will be reflected on the financial statements of the Governing Authority.

4.5 Other Schools. The Governing Authority acknowledges that the Manager may enter into similar management agreements with other schools or educational institutions. The Manager shall maintain separate books for expenses incurred by and on behalf of the School and other the Manager operated schools. If the Manager incurs authorized reimbursable expenses on behalf of the School and other Manager operated schools that are incapable of precise allocation, then the Manager shall allocate such expenses among all such schools, including the School, on a prorated basis based upon the number of students enrolled at each school, or upon such other equitable basis as is acceptable to all the Manager operated schools.

4.6 Financial and Other Reporting.

4.6.1 At each regular meeting of the Board of Directors, the Manager shall provide the Board with detailed financial statements of all School Revenues received and expenditures made, as well as comparisons of actual results to budget. Such statements shall present YTD financial information that is not older than one month.

4.6.2 Upon request and at all regularly scheduled Board meetings, the Manager shall provide the Board with reports on the School’s operations, finances, and student performance.

4.6.3 The Manager shall periodically provide the Board with all other relevant information that will enable to the Board to: (i) monitor the Manager’s performance and the efficiency of its operation of the School, (ii) comply with any and all reporting requirements under federal, state or local laws, and (iii) regularly furnish committee reports.

4.7 Access to Records. The Manager shall keep accurate financial records pertaining to its operation of the School, together with all other School Records prepared by or in the possession

of the Manager, and shall retain such records during the Term and for a period of five (5) years thereafter (unless a longer period is required by applicable federal or Ohio law). The Parties shall each maintain the confidentiality of all records pertaining to School personnel and students to the extent required and/or permitted by law, as well as all other records required by law to be held in confidence.

4.8 Audits. The Parties acknowledge that the School will be subject to an annual audit conducted by the Auditor of State for Ohio (the “*AOS*”), or if so permitted by the AOS, by a independent audit firm (“*IPA*”) approved to do audits on behalf of the AOS. The AOS or the IPA (collectively referred to as the “*Auditors*”) shall audit the books and records of the School and Governing Authority for each Academic Year (the “*Annual Audit*”). The Parties shall each cooperate with the Auditors and shall provide information and copies of all documents related to the financial transactions and activity of the School. Additionally, the Fiscal Officer provided by the Manager shall act as the liaison between the Auditors and the School and periodically report to the Governing Authority and the Manager as to the progress of the Annual Audit. The cost of the Annual Audit shall be borne solely by the Governing Authority.

4.9 Start-up Financing/Operating Losses. The Manager may, but shall not be required to, advance funds to the School to facilitate the start up of the School, including but not limited to funds for: the development of a curriculum and a technology system; school operations plans; recruiting, hiring, and pre-service training of School employees; and cleaning, fixing and equipping of the Facility (hereinafter referred to as the “*Manager Advance*”). The Manager Advance shall be an unsecured obligation of the School. Repayment of the School Advance shall be included in the Budget for the School’s first Academic Year and every Academic Year thereafter until repaid in full.

4.10 Unexpended Donations. Subject to applicable donor restrictions, the Manager and the Governing Authority shall work together to determine the best and most appropriate disposition of any funds that were donated, directly or indirectly, to the School that remain unexpended following completion of the project or purpose for which such funds were originally designated.

ARTICLE V INTELLECTUAL PROPERTY RIGHTS

5.1 Ownership of Licenses to Educational Materials. For the purposes of this Agreement, “*Educational Materials*” shall mean all print and electronic versions of textbooks, training manuals, instructional materials, lesson plans, teacher guides, exercises, workbooks, tests and other curriculum-related materials that were created by the Manager or purchased with the Manager funds (not School funds) for use in the delivery of the Educational Model. The Manager shall own all intellectual property and/or copyright licenses related to Educational Materials. This Section 5.1 as well as Sections 5.2 and 5.3 below shall survive any expiration or termination of this Agreement.

5.2 Ownership of Derivatives and New Material. The Manager shall own all intellectual property rights including, all copyrights related to Educational Materials that are developed by or for the Manager using its employees, agents and/or contractors (“*Manager IP*”). It is expressly agreed that the Manager IP is not and shall not be considered works for hire. The Parties acknowledge that to the extent any the Manager IP is derivative of the School’s

intellectual property, the Manager's rights in the Manager IP extend only to the new, original aspects of such works and not to any underlying or pre-existing material.

5.3 Ownership and Licensing of the Educational Model. The Parties acknowledge and agree that the Manager's Educational Model is unique and creative and is covered by intellectual property rights owned or licensed by the Manager, and shall at all times remain the exclusive property of the Manager. The Manager agrees to grant the School a non-exclusive, non-transferable, non-sublicenseable right to utilize the Educational Model during the Term and in accordance with the terms of this Agreement. At such time as this Agreement is terminated or otherwise expires, the rights granted herein shall automatically terminate and the School shall immediately cease use of the Educational Model.

ARTICLE VI PERSONNEL & TRAINING

6.1 Personnel Responsibility. Unless otherwise agreed to herein, the Parties acknowledge that all staff and personnel hired by the Manager on behalf of the School shall be employees of the School, and not the Manager. The Parties will each be responsible for compensating their own respective employees, and at no time shall either Party be obligated to compensate the other Party's employees outside the specific terms of this Agreement. The Manager shall have the sole responsibility and authority to determine staffing levels, to select, hire, evaluate, assign, discipline, transfer and terminate personnel operating in connection with the School. All hiring and termination decisions of the Manager shall be reported to the Governing Authority promptly. On or after the Effective Date, the Parties hereby agree and acknowledge that the Manager may, at its sole and absolute discretion, assume the role of employer for any and all staff and personnel hired by the Manager on behalf of the School and may acquire such staff and personnel as the Manager's employees. Upon exercise of the rights herein by the Manager, such staff and personnel shall no longer be considered employees of the School. Upon the effective date of such a transition, all costs and liabilities associated with the employment of the staff shall be invoiced to the School on a semi-monthly basis (consistent with all scheduled paydays). Invoice shall represent a dollar-for-dollar reimbursement to the Manager for the costs incurred for employing the School staff during that pay period and shall be due to the Manager on the same day on which the employees are paid. For efficiency, School will authorize the Manager to make automatic withdrawals from its payroll account on each scheduled payday in an amount necessary to cover the amount of payroll for employees assigned to the School. All such employment costs and liabilities are separate and apart from the management fee due to the Manager as described in Section 4.4.

6.2 School Administrator. The Manager shall have sole authority to select, hire and supervise one or more competent chief administrator(s) ("*Chief Administrator*") and to hold him/her/them accountable for the success of the School. The Manager shall consult with the Governing Authority prior to hiring the Chief Administrator(s), and shall have authority to discipline, transfer or terminate the employment of any Chief Administrator that fails to meet the performance goals and standards of either the Manager or the Governing Authority. The duties of the Chief Administrator(s) and the terms of his/her/their employment, shall be determined by the Manager in consultation with the Governing Authority. Since the selection and performance of the Chief Administrator(s) is essential to the success of the School, the Governing Authority's

failure to adopt/ratify the Manager's recommendations with respect to the Chief Administrator(s) without good cause shown shall be deemed a breach of this Agreement.

6.3 Teachers. The Manager shall have sole discretion to determine the number of teachers reasonably necessary for the operation of the School, and to assign such teachers to the appropriate grade levels and subject matters for which they are qualified. The curriculum taught by teachers employed by the School shall be consistent with the Educational Model. Such teachers may, at the sole discretion of the Manager, work at the School on a full or part time basis. If assigned to the School on a part time basis, such teachers may also be employed to work at other schools managed or operated by the Manager. Each teacher employed by the School shall hold a valid teaching or other applicable license, certification, permit or approval issued by the State of Ohio and shall be subject to the requirements of a criminal records check conducted pursuant to ORC §§3319.39 and 3319.391.

6.4 Support Staff. The Manager shall have sole discretion to determine the number and the functions of support staff required for the operation of the School. The Manager shall provide the School with qualified staff to efficiently operate the School. The staff may, at the sole discretion of the Manager, work at the School on a full or part time basis. If assigned to the School on a part time basis, such support staff may also be employed to work at other schools managed or operated by the Manager. All staff employed by the School shall undergo criminal records checks similar to those required for teachers.

6.5 Training. The Manager shall provide training in its methods, curriculum, program, and technology to all teaching personnel on a regular basis. Non-instructional personnel shall receive such training as the Manager determines is reasonable and necessary.

6.6 Limitations on Discretion. All decisions made by the Manager with respect to staffing levels and its selection, evaluation, assignment, discipline, transfer and/or termination of staffing personnel shall be consistent with the Budget, the parameters set forth in the Educational Model, and all applicable federal, state and local laws.

6.7 State Retirement Systems. The Parties acknowledge that ORC Chapters 3307 and 3309 stipulate that independent contractors retained by the Manager for educational services at the School may meet the qualifications for membership in the School Teachers Retirement System ("**STRS**") or the School Employee Retirement System ("**SERS**") if the teaching or other duties performed by the independent contractor are the same as those performed by teachers or staff in public schools under typical school district employment contracts, including substitute positions. Therefore, the Manager shall make the appropriate payroll deductions from the pay of each School employee in accordance with ORC Chapters 3307 or 3309, if applicable. The Manager shall assist the Governing Authority with respect to fulfilling all reporting and compliance obligations under ORC Chapters 3307 or 3309.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 Governing Authority Warranties and Representations. The Governing Authority represents and warrants to the Manager that as of the Effective Date: (i) the School is an Ohio public benefit corporation in good standing and the Governing Authority has the authority under law to execute, deliver, and to incur the obligations provided for under this Agreement and to perform its duties under same; (ii) the execution, delivery and performance of this Agreement does not, and will not, violate any provision of law applicable to the School or to the Governing Authority; and (iii) the execution, delivery and performance of this Agreement does not, and will not, conflict with or result in a default under any agreement or instrument to which the School or the Governing Authority is a party.

7.2 Manager Warranties and Representations. The Manager represents and warrants to the Governing Authority that, as of the Effective Date of this Agreement: (i) the Manager is [a **Delaware limited liability company**] in good standing and that the Manager has the authority under law to execute, deliver, and to incur the obligations provided for under this Agreement and to perform its duties under same; (ii) the execution, delivery and performance of this Agreement does not, and will not, violate any provision of law applicable to the Manager; and (iii) the execution, delivery and performance of this Agreement does not, and will not, conflict with or result in a default under any agreement or instrument to which the Manager is a party.

ARTICLE VIII TERMINATION AND EFFECTS OF TERMINATION

8.1 Termination. This Agreement may be terminated for the following reasons:

- (a) By the Manager, immediately, if: (i) for any reason there is a material impairment in the receipt of Revenues for any Academic Year to the effect that the Manager, in its sole discretion, determines that there would be insufficient funds available for the orderly operation of the School in a manner and at a level of service reasonably expected to meet the goals established in the Educational Model, to receive a passing annual report card for the School as required by the DOE, or to pay the Management Fee; (ii) the School is ordered by the DOE or any court or governmental authority to cease operations; (iii) the School is unable to pay its debts as they come due or has filed a petition seeking protection from its creditors under federal bankruptcy laws or any state counterpart thereto, or has been deemed insolvent under such laws; (iv) the Governing Authority fails to approve a Budget for the Academic Year as required pursuant to Section 4.3 above; or (v) the Governing Authority is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared Force Majeure Event.
- (b) By the Manager, after written notice, if the Governing Authority or the School is in material breach of any of its respective covenants, duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after the Manager has provided the Governing Authority with written notice of the material breach.

- (c) By the Governing Authority, immediately, if: (i) the School or the Manager is deemed to be insolvent under the federal bankruptcy code or is unable to pay their respective debts as they come due or have filed a petition seeking protection from its creditors under Federal bankruptcy law or any state counterpart thereto and the Manager has not filed a plan for reorganization under Chapter 11 of the United States Bankruptcy Code in the time allotted therein; or (ii) the Manager is unable to perform its duties hereunder for a period of ninety (90) consecutive days due to a declared Force Majeure Event.
- (d) By the Governing Authority, after written notice, if the Manager is in material breach of any of its respective duties, responsibilities or obligations hereunder, and such breach is not cured within thirty (30) days after the Governing Authority has provided the Manager with written notice of the material breach.

8.2 Duties Upon Termination. This Section 8.2 shall survive any expiration or termination of this Agreement.

- (a) Upon termination of this Agreement for any reason whatsoever, the Governing Authority on behalf of the School shall immediately pay to the Manager and/or any of the Manager's affiliates all amounts due and owing to the Manager under the terms of this Agreement. Furthermore, the Governing Authority on behalf of the School shall return to the Manager any materials containing the Educational Model, the Manager's methods of instruction or operation and, subject to Section 8.2(b) below, all real and personal property owned by the Manager and paid for by the Manager with non-public funds. The Manager shall assist the School in the transition of management and operations, including, but not limited to: (i) the orderly transition and return of all student records, the School Facility, and all other School property, equipment and material owned by the School; (ii) sending notices to students as reasonably requested by the School; and (iii) at the School's option, delivering student records directly to the students.
- (b) Upon termination of this Agreement for any for any of the reasons set forth in Sections 8.1(c) or (d) or upon mutual consent of the Parties, the Governing Authority on behalf of the School shall have the right to exercise the option of: (i) having all personal property leases relating to the operation of the School assigned to and assumed by the School to the extent permitted by the terms of such leases; and (ii) purchasing all personal property owned by the Manager and used exclusively or primarily in connection with the operation of the School. The purchase price for any Manager-owned assets acquired under clause (ii) above shall be the "remaining costs basis" of such assets (as that term is defined below) at the time of purchase. For purpose of this Agreement, the "**remaining cost basis**" of such personal property shall be calculated based upon the straight line method of depreciation over the life of such property, as established by the following property classifications: (i) computers and software - three (3) years; (ii) furniture, fixtures and textbooks - five (5) years; (iii) buildings or leasehold improvements - twenty (20) years. Depreciation will begin on the date that each item of personal property was acquired by the Manager. In the event that the Governing Authority chooses to exercise its option of purchasing all personal

property owned by the Manager and used exclusively or primarily in connection with the operation of the School, it must purchase *all* of said personal property, except any proprietary materials, and must also exercise its option to assume all personal property leases relating to the operation of the School.

- (c) To exercise its options under Section 8.2(b) above, the Governing Authority must provide the Manager with at least thirty (30) days written notice prior to the termination of this Agreement, unless the termination of this Agreement is immediate pursuant to Sections 8.1(a) or (c), at which time the Governing Authority shall be granted a total of fifteen (15) days to exercise its options under Section 8.2(b).

ARTICLE IX INSURANCE

9.1 Insurance Coverage. The Manager shall at all times maintain general liability insurance at levels deemed to be appropriate by a credible agent with knowledge of the Manager's operations, but in amounts not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate. The Board on behalf of the School shall at all times maintain appropriate levels of insurance that meet or exceed those levels required by the Sponsor Contract. The Parties shall both list each other as additional insured on their respective policies. The Board shall also list the Sponsor as an additional insured on the School's policy. Upon request, each Party to this Agreement shall present evidence to the other Party that it maintains the requisite amount of insurance in compliance with the provisions of this paragraph. Each Party shall comply with any information or reporting requirements required by the other Party's insurer(s), to the extent reasonably practicable.

ARTICLE X MISCELLANEOUS

10.1 Entire Agreement; Merger. This Agreement together with any exhibits and attachments hereto set forth the entire understanding between the Parties with respect to the operation of the School and supersedes and replaces any and all other agreements or understandings by and between the Parties hereto with respect to the creation and operation of the School.

10.2 Force Majeure. Notwithstanding any other sections of this Agreement, neither Party shall be liable for any delay in the performance or inability to perform due to acts of God or due to war, riot, embargo, fire, explosion, sabotage, flood or natural accident (each a "*Force Majeure Event*"); *provided that* either Party may terminate this Agreement in accordance with the termination provisions contained in this Agreement if sufficient grounds exist as provided in the Article governing termination.

10.3 Arbitration.

- (a) In the event of any dispute between the Parties, the Parties shall settle said dispute through arbitration (unless otherwise required by any applicable insurance policy or contract). In the event arbitration is the applicable form of dispute resolution, each Party shall appoint one arbitrator and then the two previously selected arbitrators shall agree upon a third. The arbitration shall take place utilizing the

then-current rules of the American Arbitration Association (“AAA”) and shall take place in Ohio.

- (b) The Parties shall have the right of limited pre-hearing discovery, in accordance with the U.S. Federal Rules of Civil Procedure, as then in effect, for a period not to exceed 60 days.
- (c) As soon as the discovery is concluded, but in any event within 30 days thereafter, the arbitrators shall hold a hearing in accordance with the AAA rules. Thereafter, the arbitrators shall promptly render a written decision, together with a written opinion setting forth in reasonable detail the grounds for such decision. Any award by the arbitrators in connection with such decision may also provide the prevailing Party shall recover its reasonable attorneys’ fees and other costs incurred in the proceedings, in addition to any other relief which may be granted.
- (d) Judgment may be entered in any court of competent jurisdiction to enforce the award entered by the arbitrators.

10.4 Official Notices. All notices or other communications required or permitted under the Agreement shall be in writing and shall be given by personal delivery, confirmed facsimile, electronic mail (e-mail), or commercial courier addressed to the Party at its principal address as follows:

If to the Governing Authority

Address: 2357 Tremont Avenue, Cleveland, OH 44113
Attn: Board President
Fax: _____
E-mail: _____

If to the Manager

Address: 1650 Tysons Blvd., Suite 630, McLean, VA 22102
Attn: Maria Szalay
Fax: (703) 991 - 8930
E-mail: mszalay@pansophiclearning.com

All notices and other communications required or permitted under the Agreement that are addressed as provided in this section will: (i) if delivered personally, be deemed given upon delivery, (ii) if delivered by facsimile transmission, be deemed given when sent and confirmation of receipt is received, (iii) if delivered by commercial courier, be deemed given upon receipt; and (iv) if delivered by electronic mail (e-mail) transmission, be deemed given when sent.

10.5 Amendment. This Agreement shall not be altered, amended, modified or supplemented except in writing and signed by the Parties.

10.6 Waiver. No waiver or delay of any provision of this Agreement at any time shall be deemed or shall constitute a waiver of any other provision.

10.7 Cost and Expenses. If either Party commences an action against the other Party as a result of a breach or alleged breach of this Agreement, the prevailing Party shall be entitled to recover from the losing Party reasonable attorneys' fees and costs.

10.8 Severability. Should any term or provision of this Agreement be deemed unenforceable or invalid in any way, such term shall be stricken and the remainder of this Agreement shall continue in full force and effect.

10.9 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but taken together shall be deemed to be a single enforceable agreement. Delivery of an executed signature page to this Agreement by facsimile or other electronic transmission (including in Adobe PDF format) will be effective as delivery of a manually executed counterpart to this Agreement.

10.10 Relationship of the Parties. The Parties acknowledge that their relationship is that of independent contractors. No employee of either Party shall be deemed an employee of the other Party. Nothing contained herein shall be construed to create a partnership or joint venture between the Parties.

10.11 No Third Party Beneficiaries. This Agreement and the provisions hereof are for the exclusive benefit of the Parties and their affiliates and not for the benefit of any third party, nor shall this Agreement be deemed to confer or have conferred any rights, express or implied, upon any other third person.

10.12 Independent Activity. The Parties understand that the Manager's business is to operate and manage community schools throughout the State. As such, the Parties agree that the Manager and its affiliates may operate other community schools in Ohio which may be considered competitive with the School.


10.13 Assignment; Binding Agreement. Neither Party shall assign this Agreement without the written consent of the other Party, which consent shall not be unreasonably withheld or delayed. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date written below, to be effective as of the Effective Date.

Date: March 2, 2017

**Northeast Ohio College Preparatory School,
an Ohio public benefit corporation**

By: 
Name: Brian Nam
Title: Board President

Date: April 28, 2017

**Accel Schools Cleveland FB LLC, a
Delaware limited liability company**

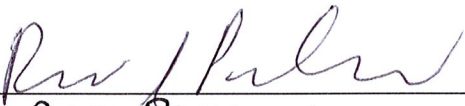
By: 
Name: Ron Packard
Title: CEO

EXHIBIT A

Educational Model

[See attached.]